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C O N F I D E N T I A L SECTION 01 OF 02 BANGKOK 005229

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SUBJECT: THE GHOST OF DEALS PAST: THAKSIN DEFENDS AGAINST
PERJURY CHARGE FROM FORMER AMERICAN BUSINESS PARTNER

REF: A. BANGKOK 4525

[1](#)B. BANGKOK 2425

Classified By: Ambassador Ralph L. Boyce reason 1.4 (b) (d)

[1](#)1. (C) SUMMARY: Prime Minister Thaksin faces charges of perjury brought by a former American business partner, in connection with the establishment of the first cable TV venture in Thailand in 1989. The American has already won cases in civil court and been exonerated of embezzlement charges brought about by Thaksin. This seems to demonstrate that he has a fairly strong case. Preliminary hearings start September 11, and the court is scheduled to rule October 16 on whether to take the case to trial or not. Thaksin opponents and sympathizers alike see this case as a serious threat to the PM. END SUMMARY.

[1](#)2. (SBU) Thaksin faces yet another serious challenge, as he will go to court next month to defend against charges of perjury stemming from an old business deal gone wrong. Thaksin's latest threat comes from an American businessman who came to Thailand in 1982 to start up a cable TV business. As is so often the case, the American ran into difficulties with the regulatory structure. In September 1985, according to William Monson, a official at the Mass Communications Organization of Thailand (MCOT) suggested that he meet someone "who could get his company the license:" Thaksin Shinawatra. Thaksin at that time was building up his business leasing IBM computers to government offices; he had not yet landed the highly lucrative telecommunications concessions on which his fortune is based.

BUSINESS DEAL GOES BAD

[1](#)3. (SBU) According to Monson, he formed a joint venture with Thaksin and tried for several years to get the required license. Monson oversaw the import of necessary equipment. Although Thaksin at one point wanted to pull out of the partnership, he showed renewed enthusiasm for the cable TV venture in early 1989, when the government approved cable TV in principle. Thaksin made Monson an offer in mid-April of that year to remain as a consultant while Thaksin would keep the license and operate the cable TV system. Monson made a counter-offer to buy Thaksin out. Thaksin said he would consider the offer. Instead, however, on April 25, 1989

"Thaksin representatives and Police" broke into the offices and seized the equipment. Monson and some of his Thai staff were accused of embezzlement; one Thai official of the company was actually jailed for several days. Thaksin went on to get the license for IBC, the first major cable TV provider in the country. Later that year, he got the concession for paging services; in 1990, he got the cell phone concession. He was on his way to being a millionaire. Monson, by his own account, began a very long legal process to defend himself and gain restitution.

14. (SBU) Polcouns met Monson on August 18, 2006 to discuss the progress of his case. He explained that he had pursued his case in both US and Thai courts. A US court in Washington state eventually determined it did not have jurisdiction. In the Thai courts, Monson was acquitted of the embezzlement charges in 1994. Thaksin appealed but lost. Monson sought damages in civil court against Thaksin in 1995, claiming that Thaksin had lied in his testimony in the embezzlement case. Monson won that case last year; Thaksin's appeal is still before the Supreme Court. (According to Monson, the Supreme Court was supposed to decide the case last December, but has continued to delay its ruling.) On May 2, Monson filed criminal perjury charges against Thaksin. Thaksin's defense tried to delay the criminal trial until the Supreme Court had ruled on the civil case, but court rejected the request. The court will hold hearings starting on September 11 to determine whether to accept the case for trial. It will announce its decision on October 16; normally, the Court would permit some weeks or even several months for the two sides to prepare their cases before the trial starts.

15. (C) Both Thaksin opponents and those sympathetic to him

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have come in recent weeks to see the case as a very serious threat to the PM. The logic is pretty simple: Monson has won each time so far that his case had come to trial. Monson says that his legal team has tried to refine the case to its most simple terms, to avoid allowing Thaksin's team to confuse the issue. In 1989, he says, Thaksin told the court that Monson was an employee of Thaksin's who took actions with company resources that constituted embezzlement. Monson says that will prove that he was, in fact a business partner with significant investment in the company assets. He plans to bring witnesses from the US who can testify to the business relationship. He also said that, for the first time, his Thai employees are prepared to testify. (Previously, they had been too frightened, he said.)

THAKSIN'S MONSTERS

16. (C) Monson says that the timing of his case is fortuitous: looking at the series of cases over the years, that appears to be true. It could hardly come at a worse time for the PM, however. The preliminary hearing will provide a feast of anti-Thaksin reporting in a crucial period in the run-up to the election. In addition to the actual perjury charge, there may be other revelations about Thaksin's business dealings in the mid-1980's that could be bad press, or even open the doors to further investigation. A few years ago, we would have predicted that the court would find a way to duck this problem, perhaps by endlessly stringing out each phase of the case. But it is Thaksin's bad luck that the courts are newly invigorated as a result of the King's charge to them (ref B). One business analyst we spoke to, sympathetic to the PM, admitted that it doesn't look good for Thaksin. A series of court decisions have vindicated Monson; it would be hard for this court to say that the case does not reach the level of credibility to warrant a trial. The example of the three election commissioners, whose swift conviction and brief imprisonment forced them out of office, will certainly be on everyone's mind (ref A). Our business analyst source says that the

actual trial might not take very long, since the evidence has been examined by several courts already.

17. (C) If the court does not take the case, Thaksin's reputation will take a hit anyway, with weeks of Thaksin-bashing during the pre-trial hearing. Monson is likely to be a sympathetic protagonist: white-haired and soft-spoken, formerly married to a Thai woman and with two children here. He expresses no malice and tells the media that he still considers Thaksin a friend, but "Thaksin has created these monsters, and they will eat him."

COMMENT

18. (C) It's not the crime, it's the cover-up, that gets you.

We cannot assess the legal merits of Monson's perjury charges, but he's won several times in Thai courts already, and therefore appears to have a plausible case. Thaksin's opponents, continuing to look for a way to beat a competitor they cannot expect to out-poll, have seized on this case as another stake to put through Thaksin's heart. With so many threats against him -- party dissolution, investigation into the Shin Corp sale, factionalism within Thai Rak Thai, maybe even assassination -- it is ironic that one of his first really big business successes from 17 years ago has come back to haunt him at this stage, the most vulnerable point of his political career.

BOYCE